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FEDERAL COMMUNICATIONS COMMISSION MAY - 8 1998  
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of )  
 )  
Calling Party Pays Service Option ) WT Docket No. 97-207  
In The Commercial Mobile Services )  
 )  
TO: The Commission )

**COMMENTS OF SPRINT SPECTRUM L.P. d/b/a SPRINT PCS  
ON CTIA PETITION FOR EXPEDITED CONSIDERATION**

Sprint Spectrum L.P. d/b/a Sprint PCS ("Sprint PCS") agrees with the Cellular Telecommunications Industry Association ("CTIA")<sup>1/</sup> that the record in this inquiry proceeding has generated substantial informed debate on the issues surrounding the implementation of a calling party pays ("CPP") service option in the wireless industry. The positions of the parties are clear, the issues have been usefully narrowed, and the public interest benefits of CPP are overwhelmingly evident. Given the clear demonstration of demand for the CPP option and the comprehensive nature of the industry comments already on file, there is no need to delay before issuing proposed rules. Accordingly, we urge the Commission to issue a notice of proposed rulemaking in this docket as quickly as possible.

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<sup>1/</sup> See Petition for Expedited Consideration of the Cellular Telecommunications Industry Association, WT Docket 97-207 (Feb. 23, 1998) ("CTIA Petition"); Public Notice, DA 98-468 (March 9, 1998). The Comments and Reply Comments cited herein were filed in response to the Notice of Inquiry issued by the Commission in the *Calling Party Pays Service Option in the Commercial Mobile Radio Services* proceeding, WT Docket No. 97-207, 12 FCC Rcd 17693 (1997).

## INTRODUCTION

The comments and reply comments filed in response to the Notice of Inquiry demonstrate that there is a sufficient amount of interest in CPP for the Commission to authorize immediately the CPP service option.<sup>2/</sup> Based on full consideration of marketplace demand, experienced wireless providers believe that consumers will, in fact, subscribe to CPP calling plans if they can be offered effectively. Further, CPP proponents recognize that the widespread availability of CPP offerings could enhance significantly the ability of wireless providers to compete with landline carriers in the local exchange marketplace.<sup>3/</sup> CPP proponents — including the only state regulatory commission that filed either comments or replies — also recognize that this important service option cannot be offered effectively without regulatory intervention.<sup>4/</sup> As a number of commenters, including Sprint PCS, explained, regulatory intervention is

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<sup>2/</sup> See, e.g., Reply Comments of the Personal Communications Industry Ass'n at 3-5; Reply CTIA Reply Comments at 2-3; Comments of AirTouch Communications, Inc. ("Airtouch") at 1; Omnipoint Communications, Inc. ("Omnipoint") at 1-2 ("only with seamless, nationally available CPP can the Commission achieve the goal of wireless telephony as a significant competitor to wireline telephony"); AT&T Wireless Services, Inc. ("AT&T") at 7; United States Cellular Corporation ("USCC") at 3-5; Vanguard Cellular Systems, Inc. ("Vanguard") at 6-9; Cellular Telecommunications Industry Association ("CTIA") at 1; Personal Communications Industry Association ("PCIA") at 2; Motorola, Inc. ("Motorola") at 2-3; Nokia Telecommunications, Inc. ("Nokia") at 2-3; Source One Wireless II, L.L.C. ("Source One") at 8; Telecommunications Resellers Association ("TRA") at 2; see also Comments of Centennial Cellular Corp. ("Centennial") at 1-2 (supports with concern that regulatory impediments may raise difficulties).

<sup>3/</sup> See, e.g., PCIA Comments at 2; Vanguard Comments at 8; Omnipoint Comments at 2; USSC Comments at 2-4. See also Rural Telecommunications Group Comments at 2 ("[b]ring the cost of utilizing CMRS more in line with the cost of using wireline communications will make CMRS more appealing to reluctant potential users").

<sup>4/</sup> The Washington Utilities and Transportation Commission "endorses the FCC's efforts to establish a uniform national approach" to CPP. See WUTC Comments at 6.

necessary to ensure that opponents of CPP do not stymie the emergence of CPP as a viable offering. These comments provide sufficient evidence of demand for the CPP service option to warrant the crafting of proposed rules that can move toward making CPP a reality in the United States.

The comments served to narrow the issues usefully. Essentially, there are two issues that must be resolved by the Commission if CPP is to evolve beyond the limited, scattered offering it is today. First and foremost, the Commission must determine the manner by which CMRS providers are compensated for completing calls within a CPP environment. Second, the Commission must establish national standards for consumer notification that specify how (calling party) consumers be informed that they are to be charged for a CPP call. Because demand for the CPP service offering is sufficient and the issues now have been narrowed, the Commission should move to the next step and issue a notice of proposed rulemaking.

**I. THE CALLING PARTY PAYS SERVICE OPTION IS ATTRACTIVE TO CONSUMERS, ESSENTIAL TO COMPETITION IN THE LOCAL EXCHANGE AND WILL PROMOTE THE PUBLIC INTEREST.**

The record in this proceeding reflects a growing consensus that it is in the public interest to authorize CPP as a service option for wireless carriers and their customers.<sup>5/</sup> Sprint PCS agrees with CTIA that "there is general agreement within the industry that the FCC should promote the concept of CPP" and that "[d]isagreement

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<sup>5/</sup> *The Wall Street Journal* has noted that "[t]he U.S. is practically the only place on Earth where users are charged to receive calls." Jon J. Auerbach, *Wireless Warfare Lessons from Europe Drive Frantic Scramble in Telephone Industry*, Wall St. J., July 16, 1997 at A1.

among the industry regarding CPP is minimal."<sup>6/</sup> Commenting wireless providers across the board expressed a great interest in offering CPP to their subscribers if the service could be provided in a cost-effective manner.<sup>7/</sup> Similarly, manufacturers such as Motorola and Nokia expressed enthusiastic support for CPP as being in the public interest and described the service option as an important tool to increase demand for CMRS offerings.<sup>8/</sup>

Significantly, a number of parties expressing support for a robust CPP option recognize that CPP is "essential" if CMRS offerings are to compete with wireline services.<sup>9/</sup> As AirTouch correctly suggests, CPP increases the likelihood that CMRS carriers will compete with other local exchange services by encouraging CMRS subscribers to use their mobile phone for incoming as well as outgoing calls and by making it more likely that CMRS will be priced competitively with landline services.<sup>10/</sup> Or, as Sprint PCS noted in its comments, telecommunications services can effectively compete only when consumers see the potentially competing services as substitutes: "CPP

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<sup>6/</sup> CTIA Petition at 2.

<sup>7/</sup> Specifically, wireless providers such as AirTouch, AT&T, Omnipoint, United States Cellular and Vanguard all expressed an interest in establishing CPP as a viable service option. *See* Airtouch Comments at 5-8; AT&T Comments at 2; Omnipoint Comments at 8; Vanguard Comments at 2; USCC Comments at 2-5. Among companies with wireless operations, only SBC Communications, Inc., which supported the concept of CPP generally, opposed the concept of a rulemaking on the CPP service option based on its view that the marketplace ought to control CPP development.

<sup>8/</sup> *See* Motorola Comments at 3-4; Nokia Comments at 1-2.

<sup>9/</sup> USCC Comments at 1-3.

<sup>10/</sup> AirTouch Comments at 8. *See also* Omnipoint Comments at 1-2.

is a service option that facilitates the substitution of wireless telephony for wireline service."<sup>11/</sup> Even without direct substitution, competition is significantly enhanced when customers incrementally substitute affordable wireless services for less convenient wireline offerings. This incremental shift of traffic from wireline to wireless networks undoubtedly will increase as CPP and other cost-effective wireless options become more available to the public.

In addition to promoting competition, CPP will provide other public interest benefits. For example, as explained more fully in Sprint PCS's comments to the Notice of Inquiry, "the effective implementation of CPP will substantially expand consumer choice by permitting subscribers to elect CPP-based or non-CPP-based calling plans."<sup>12/</sup> It similarly will benefit wireline users by providing them with greater access to wireless subscribers who will be more inclined in a CPP environment to publicize their wireless telephone numbers and leave their wireless phones on to receive calls.<sup>13/</sup> Finally, by increasing usage of wireless networks, CPP will help ensure that valuable spectrum is utilized in an efficient and economic manner.<sup>14/</sup>

Unanimity among commenting parties, of course, is not a requirement for the Commission to move forward in proposing rules. Certain parties -- here, local exchange carriers ("LECs") who may be subject to more vigorous competition if CPP

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<sup>11/</sup> Sprint PCS Comments at 1.

<sup>12/</sup> *Id.* at 4-5.

<sup>13/</sup> *Id.* at 6.

<sup>14/</sup> *Id.*

service options are made available -- have opposed CPP.<sup>15/</sup> This opposition should not stop the Commission from moving to implement a desirable service option that is important to the Commission's overarching goal of promoting competition. Rather, the Commission should commence a rulemaking proceeding in which the minority of opposing parties can have a full voice in considering proposed rules. Given the strong overall support for the CPP service option, this proceeding should be initiated as quickly as possible.

## **II. THE COMMENTS FILED IN RESPONSE TO THE NOTICE OF INQUIRY SERVE TO NARROW THE ISSUES BEFORE THE COMMISSION.**

The comments filed in response to this inquiry also serve to narrow the issues appropriately before the Commission. There are two fundamental questions that must be resolved: (1) the manner by which CMRS providers are to be compensated for completing a call within a CPP framework and (2) how (calling party) consumers should be notified when they will be charged for CPP calls.

Regarding the question of compensation, the comments reveal two distinct approaches. AirTouch and Vanguard for example, suggest that CPP is best implemented through a billing and collection arrangement subject to Commission oversight.<sup>16/</sup> These parties argue for a CPP framework that, for billing and collection purposes, treats wireless carriers similarly to an interexchange carrier or 900-number service provider. Sprint

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<sup>15/</sup> See, e.g., Comments and Reply Comments of United States Telephone Association; Comments of Bay Springs Tel. Co., *et al.*; *see also* Comments of SBC Communications, Inc.

<sup>16/</sup> AirTouch Comments at 18; Vanguard Comments at 2.

PCS, on the other hand, recommends that CPP be implemented by modifying existing interconnection arrangements, similar to the way in which CPP has been treated in Europe and elsewhere.<sup>17/</sup> Sprint PCS will not reiterate here the merits of its approach versus the methodology suggested by other parties. No matter how CPP is implemented, however, it is clear that some level of federal regulatory action is warranted.

The record also indicates that the issue of consumer notification merits Commission involvement. Numerous carriers agree that the Commission has broad authority to preempt inconsistent state regulations that hinder the nationwide deployment of CPP.<sup>18/</sup> National standards for consumer protection will be more effective than state regulations because wireless subscribers move frequently over state lines and because "uniform national standards will be more quickly internalized by consumers across the country."<sup>19/</sup> As CTIA points out, there are numerous practical and technical problems associated with certain notification mechanisms,<sup>20/</sup> the details of which are best addressed in the context of a Commission rulemaking.

#### CONCLUSION

The Notice of Inquiry has prompted a spirited and complete discussion of the issues surrounding implementation of the CPP service option in the United States. The issues have been narrowed, the public interest benefits of CPP are apparent and the

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<sup>17/</sup> Sprint PCS Comments at 7-8.

<sup>18/</sup> Bell Atlantic Comments at 4-6; GTE Comments at 19-21.

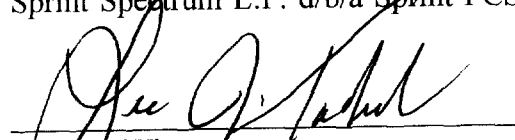
<sup>19/</sup> Sprint PCS Comments at 18.

<sup>20/</sup> CTIA Comments at 11-12.

record is more than sufficient for the Commission to propose rules upon which carriers such as Sprint PCS can build an effective CPP service offering. Consistent with the views expressed by CTIA, Sprint PCS urges the Commission to issue a notice of proposed rulemaking as quickly as possible.

Respectfully submitted,

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